Volume 13 No. 3, November 15, 2006

QUOTA EXCHANGE

The third butterfat Quota Exchange of the 2006-2007 dairy year was conducted on November 15, 2006. The market-clearing price established for unused quota was **$58.50**. There was no market-clearing price established for used quota. The results of the November 2006 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2006-2007 dairy year will be held on December 15, 2006. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, December 6, 2006. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$58.50**
Kilograms offered to Purchase – total	**3,361**
Kilograms offered to purchase at 5% adjustment	**———**
Kilograms offered to Sell	**9,896**
Kilograms sold	**3,361**
Number of Producers	
- offered to purchase	**4**
- purchased quota	**4**
- offered to sell	**8**
- sold quota	**3**

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
58.50	**3**	**3**	**3,888**	**3,888**	**527**	**3,361**	**0**	**4**	**0**
60.00	1	4	70	3,958	597	3,361	500	4	1
63.00	1	5	100	4,058	1,197	2,861	0	3	0
64.75	1	6	500	4,558	1,697	2,861	0	3	0
66.00	1	7	2,575	7,133	4,272	2,861	0	3	0
67.00	0	7	0	7,133	4,272	2,861	2,750	3	2
70.00	0	7	0	7,133	7,022	111	111	1	1
75.00	1	8	2,763	9,896	9,896	0	0	0	0

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ ——**
Kilograms offered to Purchase – total	**3,000**
Kilograms offered to Sell	**698**
Kilograms sold	**0**
Number of Producers	
- offered to purchase	**1**
- purchased quota	**0**
- offered to sell	**1**
- sold quota	**0**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
45.00	0	0	0	0	-3,000	3,000	3,000	1	1
70.00	1	1	698	698	698	0	0	0	0

QUOTA SWAP EXCHANGE

The third Quota Swap Exchange of the 2006-2007 Dairy Year was conducted on November 15, 2006. There was no market-clearing price established (Table III).

The next monthly Quota Swap Exchange will be held on December 15, 2006. All offers to swap quota through the Quota Exchange must be received at the Board office by midnight, December 6, 2006. The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap-in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$——**
Kilograms offered to swap in	
Kilograms offered to swap out	
Kilograms swapped	
Number of Producers	
- offered to swap in	**—**
- swapped in quota	**—**
- offered to swap out	**—**
- swapped out quota	**—**

BUTTERFAT PRODUCTION AND COMPONENT PRICING, October 2006

Butterfat production for October 2006 totalled approximately 679,592 kilograms. This was approximately 0.4% lower than October 2005 shipments. **For the first three months of the 2006-2007 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 2,050,652 kilograms. For the first three months, the province has shipped 95.39% of that amount.**

The weighted average component tests and prices for the province in October are indicated in Table IV.

TABLE IV

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8560	$10.164186
Protein	3.4231	$ 7.164186
Other Solids (S.N.F.)	5.6534	$ 1.084466

Based on the average component tests for the province, the average price received was $69.8478 per hectolitre. The average butterfat price received per kilogram was $18.11.

Overquota (4m) holdings are $1,041,962 for the first three months of the 2006/2007 dairy year.

SASKATCHEWAN MILK POOL RESULTS October 2006

TABLE V

Milk Sale Revenue	$ 13,101,032.22
Western Milk Pool	$ -713,857.80
Dairy Farmers of Canada Skim Off	$ - 18,810.20
Plant of Last Resort Service	$ -49,860.31
Western Milk Pool Haulage	$ - 5,487.02
Truck Seals	$ - 2,791.30
Total Pool Value	**$ 12,310,225.59**

CLASS I PRICE INCREASE – November 1, 2006

The Alberta Cost of Production formula is the pricing mechanism for targeting the Western Milk Pool Class 1 price. The Alberta Energy and Utilities Board (AEUB) consider this formula a useful guide to assist it in the exercise of its discretion in prescribing the minimum price of Class 1 milk. On October 16, 2006, the AEUB announced the price for Class 1 milk in Alberta increased by $0.98 per hl. Accordingly, Saskatchewan increased the Class 1 price by $0.98 per hl. effective November 1, 2006. Some cost factors contributing to the price increase were Alberta dairy feed, fuel and utilities increases.

CATASTROPHE PROVISION

>**catastrophe**= includes severe illness or death of the registered quota holder, destruction of the production facilities, severe infection of the producing herd by an uncontrollable disease or by a disease which results in a requirement from health authorities that the herd be slaughtered, or any hardship suffered by a quota holder that the Board considers to be similar in nature to the ones listed above.

Where a catastrophe befalls a producer, he/she shall notify the Board immediately and may submit a written request to the Board that his/her milk quota and producer status be held in abeyance for a period of up to 12 months.

The Board may agree or refuse to place a quota in abeyance after reviewing the producer on the basis of its merits, as they relate to the conditions deemed to be catastrophe circumstances.

A producer may apply for an extension of the period of abeyance initially granted by the Board. The Board may:

- extend the period of abeyance on any terms and conditions that is considers reasonable; or
- refuse to extend the period of abeyance.

The Board may request any information or justification from the producer that it considers necessary to support the request for eligibility under the catastrophe provisions of the Board.

Please contact the Board office if you require additional information regarding the catastrophe provision.

ASSESSMENT INCREASE

Please be advised that the Milk Control Board will increase producer/processor assessments by 4 cents, from 17.57 cents to 21.57 cents per hectolitre, effective December 1, 2006.

This increase is due to the Milk Control Board assuming additional administrative costs associated with the transfer of the Provincial Dairy Lab and industry regulations from the Saskatchewan Government to the Board.

In addition, producers will be assessed $3.50 per sample per week for component testing and administering producer quality assurance regulations.

QUOTA MANAGEMENT NOTE

At the recent round of producer meetings, Milk Control Board staff presented an explanation of the individual Quota Management profiles that are provided to producers on a monthly basis.

One key item for producers to remember is; any time a producer's Total Production Quota changes throughout the dairy year, individual monthly allocations will be adjusted based on the new Total Production Quota back to August 1st and your quota management profile will reflect these changes.

If you have any question regarding this explanation, please contact our office.

ACCOUNTING VALUES FOR CLASSES OF MILK – November 2006

TABLE VI

	Butterfat ($/kg)	**($ per hl. Skim milk)**	
Class 1a	$5.3000	$52.57	
Class 1b	$5.3000	$52.57	
Class 1c	$5.3000	$44.50	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.3140	$5.3140
Class 3a	$7.2333	$12.4158	$0.8291
Class 3b	$7.2333	$12.1853	$0.8145
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.9346	$4.9346
Class 4a(i)	$7.2333	$1.5000	$1.5000
Class 4c	$7.2333	$4.2497	$4.2497
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.4921	$4.9639	$0.4187
Class 5b	$3.4921	$1.7388	$1.7388
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

QUOTA MANAGEMENT PROFILE

Please find enclosed your quota management profile for October, 2006. This profile indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

For the 2006-2007 dairy year, the Board will continue to provide this information on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota. Again, we will use actual figures where possible, and estimates for the balance of the dairy year. These estimates will use butterfat average for the past five dairy years and your production figures for the past dairy year.

If you have any questions concerning the information provided, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Want to swap quota

- Would like to swap used for unused - contact Ken Ferch (306) 736-2205
- Would like to swap used for unused – contact David @ Earview Colony (306) 672-3516
- Would like to swap unused for used - contact Jim Gorrill (306) 725-4828
- Would like to swap used for unused – contact Levi @ Bench Colony (306) 297-3270

For Sale

- 35 Holstein heifers for sale, bred and open. Contact Dorothy Scheidt (306) 748-2817
- Alfalfa hay bales 1,400 pounds – young crop. Hay located in Tessier, Saskatchewan. Contact Carol Robbins (403) 859-2097
- 10 Registered Holstein heifers due October/November. Contact Mark Johnson, Strasbourg (306) 725-4042
- Complete dairy farm, machinery, 16,309 kilograms of quota and 80 cows. Will consider selling only cows and quota. Phone (306) 795-2976
- 2006 first cut alfalfa – 400 round bales 1500 -1600 pounds each. Feed tests available. Also, first cut alfalfa grass – 400 round bales 1500 -1600 pounds each. Feed tests available. Delivery available. Contact Ray Kostiuk @ (306) 595-4663.
- 21,109 kilograms of quota, with or without cows. Phone (306) 764-7865 or (306) 764-1017.

- 10 bred Holstein heifers due in December and 10 milk cows. Contact Chad or Dennis @ (306) 598-2054.

- Cows and quota for sale. Contact Jerome Fisher @ (306) 365-4674.

Wanted to Rent

- Wanted to rent, as soon as possible, dairy farm in good operating condition, preferably around the Saskatoon area. Free stall barn and parlour for 60 – 100 cows needed. Please phone: (604) 820-2387 or fax: (604) 826-1254.

Partnership

- Looking for a person to form a dairy farm partnership. Must have some financial resources to make a 50/50 or 40/60 or similar partnership. Will consider investing in an existing farm operation. Please call (604) 826-5184.

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy researcher/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

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